

Toward A Sustainable Future

Cambridge Growth Policy

UPDATE 2007

HOUSING





Mixed-income housing being built on the site of a former nightclub near Central Square.

Housing

Toward a Sustainable Future highlighted many housing issues current in 1993 that have remained relevant over the past fourteen years including: The increasing gap between what people can afford and the cost of housing in the city, declining state and federal funding for maintaining or expanding a permanent stock of affordable housing for a wide range of households, and the continuing housing needs of Cambridge residents who cannot afford the rising costs of the city's housing market. In addition, rent control, which had been in place since 1969, was repealed through a statewide referendum in 1995, requiring a significant rethinking of the City's strategies for advancing its affordable housing goals.



In response to these challenges, the City has taken many steps to preserve the diversity of the community by offering a wide range of housing programs to meet the needs of very low-, low-, and moderate-income residents. Wherever possible, rental and homeownership housing is made permanently affordable and new affordable housing is built throughout the city, with particular emphasis on production of units for families with children. Program components include:

- Creation and preservation of affordable housing,
- First-time homebuyer programs, and
- Home improvement programs.

These programs are described below, followed by a discussion of the physical and land use implications of housing programs in Cambridge.

New Affordable Housing

In 1993, forty percent of the city's housing stock was subject to rent control. While nothing in that regulation guaranteed that a rent controlled unit would be occupied by a low- or moderate-income household or a family with children, the moderated rents for such units provided an option for such households in an environment of ever escalating housing costs. However, when rent control ended in 1995, the City sought other means to provide options for low- and moderate-income households and for households with children, as dramatic increases in rents and house prices resulted following this change.

Affordable Housing Trust & Creation of Affordable Housing

A very significant response to the end of rent control was the City's increased funding of the Affordable Housing Trust. From the mid-1990s forward, the City has allocated approximately \$60 million to the Trust to be used to preserve and create deed-restricted affordable housing to address the housing needs of lower-income residents. The City's investment has been used to leverage funds from other public and private sources, and, as a result of this unparalleled local support, the City has been able to create or preserve more than 2700 units of affordable housing since the end of rent control in 1995. Much of this activity has been accomplished working in collaboration with local non-profit housing developers and the Cambridge Housing Authority. In addition, the City has provided direct financial assistance to help low-, moderate-, and middle-income first-time homebuyers purchase homes in Cambridge, and now offers up to \$130,000 to eligible residents. These purchases include deed restrictions which maintain the affordability of the units upon resale.

Inclusionary Zoning

One of the principal strategies for creating new affordable housing was the Inclusionary Zoning Ordinance, adopted by the City Council in 1998, which imposed an affordable housing requirement (15%) on all private housing construction of ten or more dwelling units in the city. Previous inclusionary requirements in limited areas of the city (e.g. North Point) were eliminated in favor of this citywide requirement. Fortunately, the City enacted this requirement as the market for new housing construction began to improve. From the permitting of the first inclusionary units in 1998, the City has been able to secure more than 340 affordable homes and apartments, in a wide range of unit types throughout Cambridge. Hundreds of units will be forthcoming in the future as already approved housing projects move into construction in the next several years. These inclusionary units come at no capital cost to the City. Nevertheless, private housing construction does not always deliver the type of housing that is most needed, such as larger, family-sized units.

Community Preservation Act

Cambridge was one of the early and limited number of Massachusetts communities to join, through local referendum and City Council action in 2001, the state's Community Preservation Act (CPA) program, which provides state matching funds

POLICY 26

Maintain and preserve existing residential neighborhoods at their current density, scale, and character. Consider exceptions to this policy when residents have strong reservation about existing character, are supportive of change, and have evaluated potential changes in neighborhood character through a planning process.



for affordable housing construction, open space acquisition, and historic preservation. Early participation in the program has meant that the City has received a full match of local CPA funds, effectively doubling the City's commitment to these uses. Since FY02, over \$37 million in CPA funds for housing has been appropriated to the Affordable Housing Trust to preserve and create permanently affordable rental and ownership housing and support local housing programs. This new funding has enabled the City to expand its existing housing programs to reach more families, including families of moderate and middle incomes.

Policy 27 encourages new affordable housing construction to be at the prevailing scale of the neighborhood in which it is constructed. Policy 28 urges that new housing serve a wide cross section of the city's households.

Existing housing units in the city's traditional neighborhoods are a particularly valuable resource because they are often larger and more suitable for children than the one- and two-bedroom units being created in the new frontiers of housing in industrial and commercial areas. New construction of affordable units in these neighborhoods is also particularly valuable because the existing neighborhood provides an established social and service environment for the new residents.

The opportunities to acquire or create new affordable housing in built-out residential neighborhoods are sometimes difficult to come by and always a challenge. Existing multi-family units are very often converted to condominiums far too expensive for many working families, and infill housing and new construction is often possible only at a relatively small scale and only when evermore scarce sites can be acquired in spite of strong competition from the private developers. Even with the Comprehensive Permit review available to ease some of the regulatory hurdles, new affordable housing projects stretch the limits of public subsidy programs. To attempt to find creative ways to continue adding to the affordable stock despite these challenges, the City has initiated a condominium acquisition program which has successfully added scattered-site condominium units to the affordable stock. These units are located throughout the city in neighborhoods such as Wellington-Harrington, Neighborhood 10, and Mid-Cambridge, and will remain a permanent part of the city's affordable housing stock.

These new efforts have augmented the City's existing housing programs, including first-time homebuyer education and counseling and home improvement programs; together, these represent a comprehensive array of housing programs and services available to Cambridge residents.

POLICY 27

Where possible, construct new affordable housing that fits neighborhood character. In existing residential neighborhoods housing should be built at a scale, density, and character consistent with existing development patterns. Permit reconstruction of affordable housing (defined as more than 50% of units rented or owned by households at 80% or less than median income) that serves a wide range of incomes and groups at previous nonconforming density where reconstruction is less expensive than rehabilitation. Emphasize construction of affordable housing designed for families with children.

POLICY 28

Affordable housing in rehabilitated or newly constructed buildings should serve a wide range of households, particularly low and moderate income families, racial minorities, and single persons with special needs.

POLICY 29

Encourage rehabilitation of the existing housing stock. Concentrate City funds and staff efforts on rehabilitation that will provide units for low and moderate income residents.

POLICY 30

Concentrate rehabilitation efforts in the city's predominantly low and moderate income neighborhoods.

POLICY 31

Promote affordable homeownership opportunities where financially feasible.

POLICY 32

Encourage non profit and tenant ownership of the existing housing stock.

Affordable Homeownership and Non-Profit Control of Affordable Rental Housing

Policies 31 and 32 encourage affordable homeownership opportunities, particularly for low- and moderate-income families and control of existing housing by the non-profit agencies in Cambridge as a way of ensuring their long-term affordability.



A well-designed affordable housing project at Scouting Way and Prospect Street.

Homebuyer Classes

The City has a number of programs to help Cambridge residents become homebuyers. Each year, more than 400 households of all income levels participate in the City's first-time homebuyer training classes. In addition, special classes are offered on specific ownership topics such as multi-family purchases, post-purchase issues, and credit management. Households who have taken the homebuyer class are also eligible to receive individual counseling from the City's homeownership staff.

Financial Assistance

The City also makes funds available to assist low- and moderate-income residents purchase homes they find either on the open real estate market or homes which are being offered for sale at reduced prices through the City's affordable housing programs. Financial assistance is also available to help with closing and downpayment costs, and in some cases, to write down the purchase price of the unit.

General market-rate opportunities for ownership were increased as the large stock of rent-controlled properties became available for conversion to condominiums in 1998 and later. To the extent such new condominium units are owner-occupied, they advance elements of the City's objectives. But the consequences for lower income families are often not positive. Two- and three-family, owner-occupied homes,

sold and converted to condominiums, are frequently lost as affordable rental apartments for a wide range of lower-income households and sold at prices beyond the means of many low- and moderate-income families. Often, the conversion of large apartment buildings also results in units becoming unaffordable for the existing tenants or future tenants with limited income, as sales prices are often set at the top of the market and rents also escalate for the units that may become investor-owned.

The City has attempted to be adaptable in this climate and to use the resources available, in conjunction with local non-profit agencies like Just-A-Start, Homeowners Rehab, Inc. (HRI), the Cambridge Housing Authority, and CASCAP. In some cases, the City has been able to purchase existing rental properties which were at risk of being converted to market-rate condominiums. Scattered-site condominium acquisition programs have also enabled the City to acquire existing units in market-rate buildings which are either sold to lower-income first-time homebuyers or retained as affordable rental housing.

The City has also negotiated the preservation of affordable units in a number of rental complexes constructed in the 1960s, 1970s, and 1980s with the assistance of federal and state housing financing programs which either require limited periods of affordability, or allow owners the option to buy out of the affordability requirements. Working with local non-profit housing agencies, the Cambridge Housing Authority, and public and private lenders, the City has been able to preserve several hundred units in these so-called “Expiring Use” projects, including 300 units at 808 Memorial Drive, a 1970s mixed-income building, now owned by Homeowners Rehab, Inc.; 273 units in one of the Rindge Towers at Alewife, now owned by Just-A-Start; and 42 units at the CAST Apartments now owned by HRI. The City continues to monitor the status of other affordable housing developments which may be at risk of becoming market-rate housing, and remains prepared to work with owners and tenants to preserve affordability whenever possible.

Rehabilitation of the Existing Stock of Housing

Policies 29 and 30 encourage rehabilitation of the existing housing stock with a concentration of efforts in low- and moderate-income neighborhoods.

Home Improvement Programs

With the end of rent control, private rehabilitation of the old housing stock has been proceeding in all neighborhoods of the city. This trend continues today, particularly driven by the widespread conversion of rental units to condominiums. As property values increase, efforts by the City to construct new housing, rehabilitate existing units, or convert non-conforming commercial buildings to residential use, have been made more difficult as opportunities become scarcer and the competition from private developers grows. However, the City is still able to help many low- and moderate-income households renovate and remain in their homes with low-interest loans and technical assistance from the City’s home improvement programs.

In 1993, it was anticipated that the existing inventory of housing, then about 42,000 units, would continue to be the chief resource through which the City's housing policy objectives would be achieved, i.e. preservation of existing neighborhoods, stabilization of the existing variety of households, and efficient provision of additional affordable units for present and future residents.

In 2006, the picture is somewhat more nuanced. Since the mid 1980s the additions to the inventory of housing from new construction, principally in old-line industrial areas, has begun to make a difference. Since 1980 the city has seen about 6,500 new housing units come on line (with little loss through demolition). Since 1998, with the adoption of the Inclusionary Zoning Ordinance, more than 340 of the units built have been affordable rental or ownership housing. The projects approved and reasonably certain to be constructed in the next few years will bring several hundred additional units into the city's housing inventory. The future actually looks brighter than it may have in 1993 for a significant expansion in the total inventory of housing.

Neighborhood Character

Policy 26 reiterates the general objective of the City's land use policies to preserve the existing historic neighborhoods at their current densities, scale and character. As suggested in the Land Use Section, this policy has been reflected in the zoning changes that have further reduced development potential in traditional neighborhoods, and the resulting decrease in larger, potentially disruptive housing developments possible within those neighborhoods. Among the neighborhood down-zoning petitions adopted recently were Riverside in 2003 and Green/Franklin Street in 2004. Further, the citywide "backyard" rezoning of 1999 reduced the number of units that would be possible in the back yards of lower-density residential districts.

Nevertheless, the neighborhoods have not been static. Significant rehabilitation of the existing housing stock has been underway (indicated in part by a noticeable increase in requests for demolition approval reported by the Cambridge Historical Commission, to allow larger dwellings on lots containing older structures). There often seem to be lots where an additional dwelling unit or two can be created as an extension onto the existing house or as a separate building in the back yard. However, the desire for further control of backyard developments, frequently voiced in the 1980s and early 1990s, has mostly abated as major residential construction has shifted to peripheral areas of neighborhoods or into previously industrial areas.

The conversion or replacement of industrial properties with housing, for sites located in the center of neighborhoods or at the edge of neighborhoods, has also been noticeable as a trend, stimulated by the demand for housing and the limited land and structures available. In Neighborhood 9, the industrial strip along the railroad right-of-way has largely been converted to housing, fulfilling the objectives of the 1978 rezoning that for the first time introduced housing as a permitted, indeed preferred, use in an industrial district. Little remains of the active industrial uses that once lined Richdale Avenue from Upland Road to Raymond Street. Starting in

the mid 1980s, a succession of housing developments has replaced brick warehouses and factories, most recently with the approval of a 20-unit condominium project that is now replacing an old commercial building at the corner of Richdale Avenue and Walden Street. Reflecting this reality, the 2001 Citywide Rezoning Petition rezoned this formerly industrial strip to residential. Similar transformations are anticipated along the Linear Park in North Cambridge, a former railroad corridor surrounded by outmoded industrial uses that abut neighborhood residential streets.

This phenomenon can also be observed at the edge of the Cambridgeport neighborhood along Brookline Street where auto repair and other industrial activities are slowly giving way to housing, most recently with a 19-unit townhouse development between Decatur and Valentine Streets occupied in 2005, where a car repair facility once operated.

Redevelopment of Industrial Areas

As anticipated in 1993, the former industrial districts have continued to be the location of the most extensive and innovative development, both commercial and residential. The trend was well underway during the 1980s with the construction of three large condominium developments in the East Cambridge Riverfront (547 units in the Rivercourt, Esplanade, and Graves Landing developments). They have proven to be only the beginning. Policy 33 lays out a set of objectives for encouraging housing, especially affordable housing, in these industrial areas. At the turn of the 21st century, little incentive has been necessary to stimulate significant residential construction in a wide range of industrial environments, as the market for competing uses has flattened while the demand for housing has remained strong. Nevertheless, in the major Citywide Rezoning adopted in 2001, a housing incentive was created through a reduction in allowable commercial square footage, coupled with no change in the amount of residential construction allowed. This change was made to counter the fact that commercial development has often been more lucrative than residential development in past development cycles.

North Point

With the revival of housing construction in the mid 1990s, reflecting local, regional, and national trends, new housing construction has continued to be a strong presence in commercial districts. Most dramatic has been the approval of the master plan for the 45-acre North Point development in East Cambridge, which anticipates the creation of 2,400 to 2,700 dwelling units over the next twenty years. The first 300-unit installment has broken ground.

Already underway is the 426-unit Phase One of the 767-unit Archstone-Smith development on Monsignor O'Brien Highway. This new housing will complement the 435-unit Museum Towers development (now known as the Regatta Riverview Condominiums) that was constructed in the early 1990s in a barren industrial area, with the hope that a North Point neighborhood would eventually emerge. As a result of the City's Inclusionary Zoning requirements, several hundred affordable rental and homeownership units will be included in these new developments as



A former industrial use on Brookline Street was converted to residential.



New housing in the former industrial district south of Pacific Street in Cambridgeport.

POLICY 33

Encourage where appropriate, recognizing housing's possible impact on desirable industrial uses, the construction of new affordable housing through requirements, incentives, and zoning regulations, including inclusionary zoning provisions, in portions of the city traditionally developed for nonresidential, principally industrial, uses. Create effective, well designed transitional zones between residential and industrial uses.



Worthington Place had been a manufacturing facility and warehouse for metal fasteners.

buildings are completed in the coming years. It took fifteen years of planning, but an optimistic future is emerging with parkland along the River and the new mixed-use center beginning to appear on the other side of the Gilmore Bridge.

Kendall Square

Kendall Square has begun to emerge as a more active city square as hotels, new technology companies, the Broad Institute, MIT academic construction, and a long sought component of housing provide definition to its streets. These changes will bring new inhabitants to the square for more hours in the day and offer the hope that Kendall Square will become a modern counterpoint to the historic crossroads at Central and Harvard Squares. The first new housing in the area was the conversion of a cluster of industrial buildings on Binney Street in 1998 to 186 units of housing now known as Worthington Place.

Closer to the square, 300 units of housing in a 20-story high-rise building (known as Watermark) are now being occupied at Cambridge Research Park on Third Street. Ground has been broken for the 500 units of housing approved at 303 Third Street, just across the street. Approved in July of 2005, 180 units of housing are expected



Watermark : Housing at Cambridge Research Park.

to be constructed in the heart of Kendall Square at Ames Street in another 20-story high-rise tower. These new projects will bring a welcome vibrancy to Kendall Square that only residents can provide. In addition, the inclusion of affordable units in these new developments, as required by zoning, will help ensure the continued diversity of this area of the city.

University Park

University Park near Central Square was always planned to have a component of housing; the zoning that was created to shape the entire mixed-use project in fact mandated 400 units of housing, including 150 affordable units. As the final construction of buildings in University Park concludes with the occupancy of 100 Landsdowne Street and 23 Sidney Street, the development has a total of 674 dwelling units, an outcome long desired by the City. They have been achieved as the respective market demands for housing, research and development, and office uses have shifted over the fifteen years it has taken to realize the plan. The Brookline Street housing (Auburn Court I and II), at the edge of both University Park and the Cambridgeport neighborhood, has been built at a neighborhood scale, with many family-sized rental units with affordable rents designed to serve a wide range of low-income, moderate-income, and market-rate households.



View from the interior of 23 Sidney, looking out over the central open space.

The residential presence in the Cambridgeport Industrial District is further enhanced with the conversion by MIT of two industrial buildings along Albany Street to dormitories in the 1980s and early 1990s, and with the construction of 437 dormitory units on a vacant parking lot along Pacific Street in 2000. More such construction is anticipated in the future, with 345 additional dormitory units approved by the Planning Board in 2006 for a new building at Pacific and Albany Streets.

Alewife

A similar trend can be discerned in Alewife, where a 311-unit apartment complex was constructed on Cambridgepark Drive, a street that for two decades was dominated by old industrial facilities or recent office and research and development buildings. The old industrial site at 310 Rindge Avenue, explored as a housing site by numerous developers over the past twenty years, is now being converted to 102 units of housing known as the Brickworks Condominiums. Another 62 condo units have been permitted at 120 Rindge Avenue on the former St. John's rectory site. In addition, a new project with about 65 units is now under construction on Wheeler Street in the heart of the old industrial quadrangle.

All of this construction is responding to a market demand for housing in Cambridge from a host of different people: employees coming to the city for a new job, longtime employees who have discovered the convenience of living near their employment, empty-nesters starting out a new life in the city, academics and students who find living off campus a better choice, or those who can live anywhere but choose Cambridge for the many amenities it provides. Many people can now find a new home without competing for a place in the limited inventory of housing provided in traditional neighborhoods. As a result of the Inclusionary Zoning Ordinance, a portion of these units will be permanently available to those with low and moderate incomes.

